

ANNUAL REPORT

9

OF THE

PRESIDENT

OF THE

PHILADELPHIA AND ATLANTIC

STEAM NAVIGATION COMPANY.


READ FEBRUARY 5, 1850.

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PHILADELPHIA AND ATLANTIC

STEAM NAVIGATION COMPANY.

THE Annual Meeting of the Stockholders in "The Philadelphia and Atlantic Steam Navigation Company," was held at 12 M. on the 5th February, 1859, when William E. Bowen, Esq., was called to the Chair, and John L. Linton appointed Secretary.

The President of the Company then read the following

R E P O R T.

MR. CHAIRMAN AND GENTLEMEN:—In accordance with the charter and by-laws of "The Philadelphia and Atlantic Steam Navigation Company," it is my duty to report at this annual meeting upon the general condition of its business, and to lay before the stockholders a statement of its affairs.

Before doing so, it may not be out of place to give a brief retrospective glance at the causes which led to the enterprise in which we are mutually interested, and upon the subject of which we are here assembled.

It is in the remembrance of many, that our city formerly enjoyed the largest portion of the distributive trade in those articles of foreign and domestic manufacture which were required for the seaboard and inland markets of the Southern and Southwestern States. It has now become a fact for

our city's history, that this profitable trade lasted only so long as Philadelphia kept her merchant marine superior to that of the neighbouring cities. When the more favourable sea position of New York, induced investment of capital in packet ships of a superior class, which regularly sailed on their appointed days, *our* trade began perceptibly to decline, but it declined only for want of those facilities of transit for persons and merchandise, which were so freely offered for its diversion by our commercial rival. Season by season the jobbing merchant of those days felt that this trade was diminishing,—inquiry upon inquiry was made for the cause; and when the true and only cause was pointed out, an occasional effort was made to start a line of packets to answer the *bare demand* of the then existing trade; no forecast was exercised, nor would our merchants look so far into the future as to offer inducements for an increase upon that which they still retained. Formerly, a line of ships and brigs had sailed regularly from our port to Charleston, keeping up our social and business ties with the South. This line had disappeared. In its stead was found an occasional brig or schooner advertised to sail on a given day; but when that day came round, shippers and passengers found that the sailing was postponed because there was room for a few more packages in the hold, or a few more passengers in the cabin. This uncertainty soon drove from us a further portion of the little trade that had been left. In the mean time, a new power had been added to the navigation of the seas. Steam, had been applied, and our competitor had started two boats to ply between her waters and Charleston. Fearing that this would totally deprive us of the remainder of our southern business, we too, made an effort. A sea steamboat was produced, which, though evidently superior to the others, was still not adapted to sea purposes. On her voyage out, she was subjected to a violent storm, which proved fatal to one of the New York steamers. Ours was but slightly damaged. Yet

the loss of the one, and the damage to the other, impaired to some extent the public confidence. Disheartened at this early but slight reverse, the steamer which had cost \$120,000, was sold, and brought only an amount sufficient to pay a debt which then existed upon her, of \$30,000, sinking at once the entire capital which had been subscribed for her construction.

Ten years were allowed by us to pass without an effort to regain our lost trade. In that time the railroads from Charleston to Augusta, from Augusta to Atlanta, and from Atlanta, to Chatanooga; as also the railroads from Savannah to Macon, from Macon to Atlanta, connecting with that to Chatanooga, had been projected and completed. These roads, which with their branches extended more than a thousand miles, had not only developed new sources of trade, but had diverted also a large portion of that which had hitherto found its way to and from the West by the Ohio and Mississippi Rivers, were still to be extended. It soon became apparent that Charleston must become a point to which trade and travel would tend, and from which it would seek its way to the more northern cities. With that keen foresight and enterprise which has characterized her course, New York at once put on two superior sea steamships,—profiting by the steam experience of England, and building these two steamers in imitation of those which had come across the Atlantic, they at once obtained the confidence of the whole community. Travel and freight poured in upon them, and in and through their success Philadelphia received a still heavier blow upon her southern and southwestern trade. Anxious to prevent a further loss, desirous to regain that which had left us, a few individuals met to devise a plan, and raise the means to put on a steamship to Charleston.

They determined to form a company, obtain a charter, and get by subscription an amount sufficient to build at least two steamships. No sooner was this determination formed, than

it was met by an opposition ; and this opposition pursued them to the state Legislature, where every effort was made to prevent their obtaining an act of incorporation. By perseverance, a valuable charter was obtained on the 15th of April, 1848. On the 15th of June following, the Company was organized by the election of a Board of Directors. So great, however, were the difficulties of disposing of the stock that the Board did not feel authorized to begin the building of a ship until October, and they were then induced to do so by a favourable offer from an individual, to take a large amount of the stock, and to loan to the Company such amount as might be necessary to finish and equip the ship. With this arrangement they deemed themselves safe, and entered into contract for the engines. After these had been commenced the party who had made such advantageous offers withdrew from them. Bound by the contract then existing for the engines, the Board had no alternative but to go on and obtain the ship. A contract was made which relieved them from the liability of loss of charter, and the hull was proceeded with. So much delay, however, had occurred, as to throw the work into the depth of winter, which being a severe one, a large portion of the timber was stopped by ice in the creeks of Delaware. Owing to this, it was not until March of 1849, that the entire keel of the Philadelphia was laid. From that time her building progressed rapidly, and on the 4th of September she was launched. In but little more than three months from that date, her entire machinery and boilers were placed in working order on board. The whole of the joiners' and other work was also completed ; and on the 18th of December the ship left on her first voyage to Charleston, Savannah, and Havana.

Few persons can realize the difficulties the Board have had to encounter and surmount in getting off, this first regular commercial steamship which has been built at our port. Pressed on, when but little more than half the requisite amount of stock had been disposed of, by complaints of tardi-

ness from those parties who had subscribed, they made an arrangement which seemed to overcome the difficulty of want of immediate means ; this arrangement suddenly broken, the whole enterprise must have fallen through if they had not made some other which would secure to the Company within a certain time at least one sea steamer. Met by a continued hostility, which went so far as to follow up all the parties in contract, and recommend to them to discontinue their work, as there was no probability of their ever getting paid for it,—discouraged by the doubts of their friends, and the refusal of those deeply interested in the trade, to subscribe,—the Board still laboured on ; and under all their disadvantages produced to you the finest and fastest steamer, it is believed, for her tonnage, afloat ; nor is this all, she was produced at a lower cost than the same class of vessel with the same class of engines can at this moment be duplicated for in New York.

While the Philadelphia was in progress of construction, an opportunity occurred by which the steamer Osprey was secured to our city.

Five individuals connected with the Company purchased her on their own responsibility, and run her at their own risk in the name of the Company for the purpose of opening fairly its business. She began on her regular trips after the business season was over, and run during the time that the cholera was prevalent in our city. Under these circumstances she made no profit. Just as the business season of the fall was opening, an offer was made to her then owners of sixty thousand dollars for the ship. As she was likely to contribute greatly to the business of the city, it was deemed by the owners a duty to offer the ship to the stockholders at such price as they might think proper to give, provided it was not under what the ship had cost them up to that time ; which was forty-five thousand dollars. The stockholders offered to take her at fifty thousand dollars, if such a sum could be raised by new subscription ; and appointed a committee for that purpose. The owners, willing to meet the views of the stockholders, and

being also greatly interested in keeping the ship in the trade, agreed to sell her for that sum. The committee worked faithfully for two weeks and could raise but \$23,000 towards the \$50,000. In the mean time the then opportunity to sell for \$60,000 had passed, but another of a somewhat less amount was still open. The owners, however, thought it best to retain the ship in our port, and agreed to take the balance of the unsubscribed stock themselves, and thus make up the \$50,000.

The Osprey ran two trips after she became the property of the Company. She was then taken off for the purpose of adding thirty feet to her length, making a forward cabin, and more than doubling her actual carrying capacity. This has been nearly completed, and she now awaits her new boilers, which will be in her in the course of two or three weeks. So soon thereafter as possible she will be put upon her regular route. The improvements on the Osprey will make her a most valuable and profitable ship. Her capacity for freight is perhaps larger than any steamer of her size that has been built, either side-wheel, or propeller; and it is estimated that she will run with but little over half a ton of coal per hour.

It has been said by some parties that the owners of the Osprey speculated upon the Company. In justice to them it must be stated that, if it was a speculation, it was one by which they sacrificed \$10,000 to benefit the business community. They will be glad to take her back now, if the Company will dispose of her at what they sold her at, and pay all the expenses themselves of her alterations up to this time.

For a statement of the cash affairs of the Company, I refer you to the Treasurer's account made up to the 1st of January. By it you will perceive that the whole amount collected by him from stockholders is only - - - \$134,434 89

He has also received from Company's notes

endorsed by directors, being a loan,	-	20,000 00
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Making, -	-	-	\$154,434 89
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With this amount, he had paid up to the 1st January, on the ship Philadelphia, - - -	\$94,331 17
For purchase of Osprey, - - -	50,000 00
On account of additions to Osprey, - - -	6,351 36
Interest account, - - - -	861 75
Expenses of procuring charter, - - -	942 22
And for all the expenses of the Company from its organiza- tion, on the 15th June, 1848, nearly two years, for rent of office, books, stationary, &c., &c., only the sum of - - -	1,009 10
	<hr/> 153,495 60
Leaving a balance in Treasurer's hands, -	\$939 29

The conduct of the Board in husbanding their resources, and applying them only to the purpose of building the Company's ships, speaks in terms not to be misunderstood of their wish to carry out faithfully the object of their trust. While the small amount of expenses of the Company for a period of nearly two years, which amounts to only \$1,009 10, will challenge, advantageously, comparison with any corporation which has ever had existence.

When you were recently convened for the purpose of deciding upon a proposition to purchase from you the steamer Philadelphia, the general position of the Company was stated in the following manner:—

You were then possessed of the Philadelphia estimated to have cost about, - - - - -	\$160,000
Of the Osprey, cost, - - - - -	50,000
Estimated repairs and additions, - - - - -	20,000
	<hr/> 230,000
On which you owed a debt of about - - -	80,000
	<hr/> 150,000

This statement was made in round numbers, as here given, and could not then be more accurately arrived at. The sale of the ship under your decision has materially improved the pecuniary position of the Company, and its general condition may be shown by the following statement.

Capital stock received from stockholders, - \$134,434 89

The instalments yet to be paid will bring it	
in round numbers to - - - - -	148,000 00
Received for steamer Philadelphia, - - -	180,000 00
	<hr/> 328,000 00

From which	
Deduct cost of Philadelphia, \$158,605 58	
“ “ Osprey, 50,000 00	
“ “ additions to do. 20,000 00	
	<hr/> 228,605 58
	<hr/> 99,394 42

Leaving an amount nearly sufficient to build a fine steamship of the size of the Osprey.

It will be perceived by this statement that the Company have accumulated upon the amount of stock which has been paid in of - - - - - \$134,434 89

The Osprey, valued at her cost, 70,000 00

And the balance of - - - - - 99,394 42

\$169,394 42

Which makes a clear gain upon the stock which is *paid up* of about $18\frac{1}{2}$ per cent. It will be understood from this that only so much as is paid up would be entitled to this per centum of profit; because it is only that amount which has been used to create this gain to the Company.

There is, however, still another statement to be made of actual gain.

The Company have had an offer, and which is, I believe, a standing one, to take the Osprey at \$60,000, and pay all the expenses of her improvements ; in other words, the Osprey can be sold for \$80,000, which would be an additional gain of \$10,000 to the Company. If estimated at this, which may fairly be considered her actual value, then the gain is 26 per cent. to the paid up stock ; or each share for which you have paid one hundred dollars, is now worth \$126.

Remarks have been made, and censure cast upon the Board for building a ship of the size and cost of the Philadelphia. It is an impossibility to satisfy the opinions, or fulfil the wishes of every one. The heaviest subscriptions made to the stock, were upon the condition that a ship should be built no way inferior to those of New York, with which we should have to compete for the patronage of passengers. The Board coincided in these views, and a steamer was produced which will carry the reputation of our city favourably to any port to which she may sail. It has been urged that she was not fitted for the Charleston trade. Yet letters have been received from Charleston, stating that she was admirably adapted to it, was more popular than any other steamer, and that she would command all the passengers and trade on the weeks of her sailing.

Between the time of her commencement and completion, a new field for steam enterprise was opened by the acquisition of California. The glitter of its tempting gold mines turned towards it the travel of thousands, not our countrymen only, but adventurers from nearly all parts of the globe. Every sea steamer was in requisition. Many of the stockholders urged upon the Directors the fitting up of our ship for this employment. The Board believed that she might make profit enough in it to nearly clear her cost, and still be in time for the Charleston trade. To prepare her for it, additional berth accommodation was needed, and a spar deck was added at an

increased cost to the ship of about \$6,000 ; this gave nearly a double amount of berths to the ship, and added greatly to her value. Additional coal bunkers were required, and these were made by putting down a third or orlop deck, so arranged that it would interfere but little with the stowage of cargo whenever the ship should return to the Charleston trade. It was perhaps these improvements which suggested the idea that she was too large for Charleston.

As an evidence of what the ship might have made if put upon the Chagres route, it may not be improper to state that information has been received here this morning that the freight and passage money already received by her present owners for this first trip, amounts to nearly \$40,000. If the Board had been sustained by liberal subscriptions, and the ship started in this lucrative business clear of encumbrances, such profits as the above might have resulted to our Company.

Some inquiries have been made as to the expenses of the first trip of the Philadelphia to Charleston, Savannah, and Havana. It is impossible yet to know what the actual cost of that trip has been, as the whole returns for disbursements in the different ports have not yet been received. There is, however, a probable loss upon that trip, and it arises from the fact, that no ship can be run profitably at the season she was started, because there is always a scarcity of freight and passengers homeward at such a time. The amount of her freight and passengers out was \$2,300, and the estimated cost of the outward trip was about \$2,000. Homeward she had but a light amount of freight and but few passengers ; the whole amounted to about \$1,000.

Some curiosity may be felt to know the cost of running the Osprey during the time she has been in the possession of the Company. But two trips have been made, and the result is as follows :—

STEAMSHIP OSPREY.

Trip No. 1, From Philadelphia to Charleston,			
Reecepts, Passengers,	-	\$527	30
Freight,	-	807	00
		<u> </u>	\$1334 30

“ From Charleston to Philadelphia,			
Passengers,	-	\$220	00
Freight,	-	180	60
		<u> </u>	400 60
			<u>\$1734 90</u>
Average expenses of the trip,	-	-	1350 00
			<u> </u>
Total profit,	-	-	384 90

Trip No. 2, Receipts from Philadelphia to Charleston,			
Passengers,	-	\$178	00
Freight,	-	257	00
		<u> </u>	\$435 00

“ From Charleston to Philadelphia,			
Passengers,	-	\$80	00
Freight,	-	134	69
		<u> </u>	\$214 69
			<u>\$649 69</u>
Average Expenses of the trip,			\$1262 00
			<u> </u>
Total loss,	-	-	\$612 31
Profit, Trip No. 1,		\$384	90
Loss on Trip No. 2,		612	31
		<u> </u>	
Loss on both trips,		\$227	41

It must be remarked that both these trips were made after the business and travelling season was over.

The Board is informed that it has been urged out of doors that the affairs of the Company have not been well conducted. But, from the result, as shown in its pecuniary condition, it can scarcely fail to be admitted, that few Boards have ever acquired property for their stockholders to the extent that this has, or placed the stock so far above par as this now stands, under such disadvantageous circumstances.

The Directors have exerted themselves individually, as well as in the Board, to their utmost to get the Company into successful operation. They have invested their own means largely in it, and are desirous that the amount so invested should be well looked after; but in answer to the complaints made, they express unanimously their willingness to quit the service of the Company if the stockholders so desire it, while at the same time having individually a larger interest than *any other individuals in the Company*, they think that it will be but justice, in case the stockholders wish their withdrawal, to have such amounts of money as they have invested in the stock, returned to them. It must be borne in mind that this stock of theirs was not voluntarily subscribed. It was almost forced from them by the embarrassing position in which they were placed as Directors of a Company desirable to the whole community to be built up—but which was unsustained by the community or by the stockholders,—which was without adequate means to accomplish its object—but which, under all these adverse circumstances, the Directors were determined should not fail, if their individual exertions and responsibility could sustain it. By these exertions it is in a most prosperous condition, with its shares of stock worth more than one-fourth advance upon the par subscription. And it is now for you to judge whether the Directors have or have not acted faithfully in the discharge of the trust reposed in them.

Respectfully submitted,

AMBROSE W. THOMPSON, President.

February 5th, 1850.

Statement of the receipts and expenditures of the Philadelphia and Atlantic Steam Navigation Company, from the organization of the Company, June 15th, 1848, to January 1st, 1850.

1850.

Dr.

Jan. 1st, To Capital Stock received from Stock-	
holders, - - - - -	\$134,434 89
To Cash received from Company's	
notes endorsed by Directors -	20,000 00
	<hr/>
	\$154,434 89
Jan. 1st, To cash on hand, - - - - -	939 29

1850.

Cr.

Jan. 1st, By cost of steamship Philadelphia,	
paid this amount on account, -	\$94,331 17
By cost of steamship Osprey, paid in	
full, - - - - -	50,000 00
By cash paid on account of alterations,	
improvements, and repairs on steam-	
ship Osprey, - - - - -	6,351 36
By general expense account, paid for	
rent of office, books, stationary, &c.,	
from the organization of the Com-	
pany, June 15th, 1848, to this date,	1,009 10
By interest account, - - - - -	861 75
By cash, paid expenses of Commis-	
sioners prior to organization of the	
Company, - - - - -	942 22
By cash on hand, - - - - -	939 29
	<hr/>
	\$154,434 89

E. & O. E.

JOHN L. LINTON.

Treasurer.

On motion of Joseph M. Thomas, Esq., the report was accepted, and ordered to be printed in pamphlet form for distribution to the Stockholders.

The meeting adjourned to proceed to the election of Directors,

When the following gentlemen were elected.

AMBROSE W. THOMPSON,
BENJAMIN W. TINGLEY,
WILLIAM M. GODWIN,
SAMUEL V. MERRICK,
JAMES DEVEREUX.

JOHN L. LINTON,
Secretary.

Philadelphia, February 5th, 1850.